

# 2nd Quarter 2010 Results Presentation

Healthy order flow – constrained financial position

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- Headlines
- Financial results
- Operations and market
- Going forward

## Q2 Headlines

- **Challenging financial situation**
  - Insufficient working capital due to project delays
- **Satisfactory order flow**
  - Order intake well above sales in quarter
- **Mixed operational performance**
  - Detection business area performing well
  - Extinguishing business area: Fire Eater on track. But business area suffering from delays and soft markets on Fire Fighting systems
- **Autronica intention to make an offer announced after end of Q2**
  - Due diligence ongoing
  - NOK 18 million bridge financing secured

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## Second quarter 2010 results

<i>MNOK</i>	<i>Q1 10 restated</i>	<i>Q2 10</i>	<i>Q2 09</i>	<i>Change</i>
Operating income	70.3	<b>63.6</b>	70.2	-9%
Operating expenses*	-74.3	<b>-65.8</b>	-71.1	-7%
EBITDA*	-4.0	<b>-2.2</b>	-0.9	
EBITDA %*	-5.6%	<b>-3.5%</b>	-1.3%	
Depreciations excess values	-1.3	<b>-1.3</b>	-1.4	
Depreciations ordinary items	-1.4	<b>-1.4</b>	-1.5	
EBIT*	-6.8	<b>-4.8</b>	-3.7	
EBIT %*	-9.7%	<b>-7.5%</b>	-5.3%	
Net financial items	-6.0	<b>-5.2</b>	-2.2	
EBT*	-12.8	<b>-10.0</b>	-5.9	

\*) Q1 10 is restated due to accounting errors. Operating expenses in the quarter were NOK 3.7 million higher than previously announced.

# First half 2010 results

<i>MNOK</i>	<i>1H 2010</i>	<i>1H 2009</i>	<i>Change</i>
Operating income	<b>133.9</b>	142.2	-6%
Operating expenses	<b>-140.1</b>	-147.7	-5%
Non-recurring/restructuring expenses		-7.2	
EBITDA	<b>-6.2</b>	-7.7	
EBITDA %	<b>-4.6%</b>	-5.4%	
Depreciations excess values	<b>-2.5</b>	-2.7	
Depreciations ordinary items	<b>-2.8</b>	-2.8	
EBIT	<b>-11.5</b>	-13.3	
EBIT %	<b>-8.6%</b>	-9.4%	
Net financial items	<b>-11.3</b>	-5.8	
EBT	<b>-22.8</b>	-19.0	

## Segment figures – first half 2009

<i>MNOK</i>	<i>Detection</i>		<i>Extinguishing</i>		<i>Corporate</i>		<i>Group</i>
	<i>Q1 10</i>	<i>Q2 10</i>	<i>Q1 10</i>	<i>Q2 10</i>	<i>Q1 10</i>	<i>Q2 10</i>	<i>1H 10</i>
Operating income	28.5	<b>27.0</b>	41.8	<b>36.6</b>			<b>133.9</b>
Operating expenses	-29.0	<b>-23.2</b>	-43.3	<b>-39.1</b>	-2.0	<b>-3.5</b>	<b>-140.1</b>
EBITDA	-0.5	<b>3.8</b>	-1.5	<b>-2.5</b>	-2.0	<b>-3.5</b>	<b>-6.2</b>
EBITDA %	-1.8%	<b>14.1%</b>	-3.6%	<b>-6.8%</b>			<b>-4.6%</b>

## Challenging cash situation in quarter

<i>MNOK</i>	<i>Q2 10</i>	<i>Q2 09</i>
Cash flow from operating activities	<b>1.9</b>	13.6
Cash flow from investing activities	<b>-1.4</b>	-4.9
Cash flow from financing activities	<b>-3.6</b>	-8.4
Net change in cash and cash equivalents	<b>-3.1</b>	0.2
Cash and cash equivalents at the beginning of period*	<b>26.8</b>	37.8
Cash and cash equivalents at the end of period*	<b>23.7</b>	38.0

- NOK 18 million interim financing provided by Autronica in August has improved cash position

*\*) Including NOK 20 million i restricted cash (NOK 30 million in Q2 09)*

## Balance sheet summary

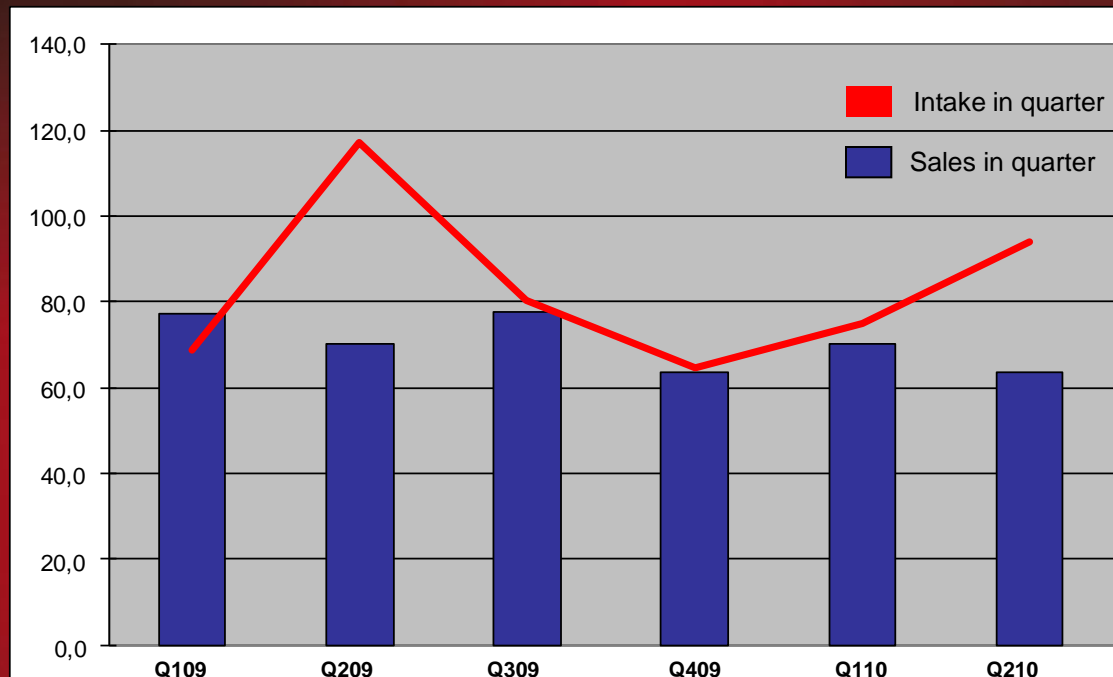
<i>MNOK</i>	<i>30.06.2010</i>	<i>30.06.2009</i>
Intangible non-current assets	164.5	178.8
Tangible/ fin. non-current assets	14.0	20.4
Inventories	49.6	57.8
Receivables	93.6	109.8
Bank deposits	23.7	38.0
<b>Total assets</b>	<b><u>345.4</u></b>	<b><u>404.8</u></b>
Total equity	90.9	145.5
Convertible loan	64.2	0
Total non-current liabilities	17.1	26.5
Total current liabilities	173.2	232.8
<b>Total equity and liabilities</b>	<b><u>345.4</u></b>	<b><u>404.8</u></b>

- Equity ratio of 26% (down from 36% in Q2 09)
- Bank deposits include restricted cash of MNOK 20
- Covenant requirements not fully met - Q2 2010 waiver given by DnB NOR
- Bank loan is consequently transferred to current liabilities (IFRS procedure)
- Convertible loan provided by Autronica (27% shareholder)

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# Growing order intake during 2010



## Contract situation

- Q2 order intake MNOK 94
- Quarterly order flow up 25 per cent from Q1 and 46 per cent from Q4 09 level

## Significant second quarter contracts

<i>Customer</i>	<i>Business area</i>	<i>MNOK</i>	<i>Delivery</i>
Electricité de France	Detection	14.5	2010-2014
Tyco, China	Extinguishing	12.0	2010-2011
Tine, Norway	Extinguishing	8.6	2011
Undisclosed customer, Singapore	Extinguishing	3.0	Q2/Q3 2010
Undisclosed customer, Turkey	Extinguishing	3.0	Q2/Q3 2010
Gorgon project, Australia	Extinguishing	3.0	Q4 2010
ADT, Italy/UAE	Extinguishing	2.6	Q2/Q3 2010
Order expansion, undisclosed customer, Middle East	Extinguishing	2.1	Q2/Q3 2010

# Operational developments in the second quarter

## Detection Systems

- Positive trend continues, strong performance
- Satisfactory order and pipeline situation

## Extinguishing Systems

- Fire Eater on track – strong order intake on Inergen systems
- Delays in large Middle East projects
- Soft markets in Europe and Asia
- First signals of recovery in Asian shipbuilding
- Initiatives for improved project management and control
- New Managing Director for Water Mist Engineering AS from May

## Europe

- European markets towards recovery
- North Sea/ offshore sales is picking up

## Middle East

- High demand continues
- Delays created difficulties in first half

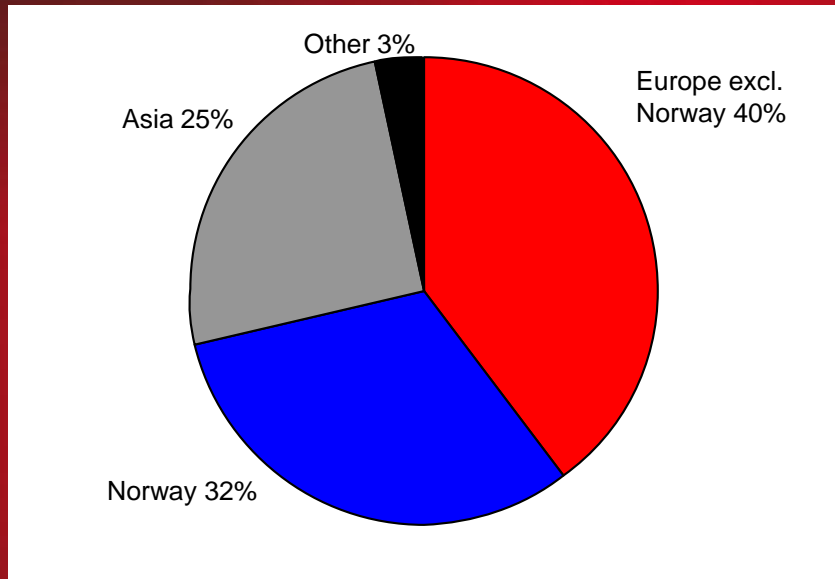
## Asia Pacific

- Affected by standstill in shipbuilding, seen first positive signs
- Singapore branch remains satisfactory

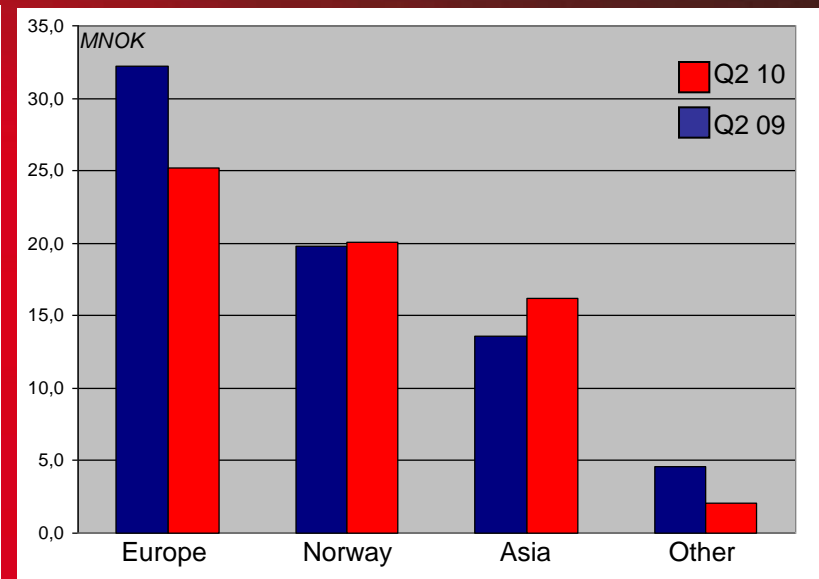
## North America

- Slow development
- Pursuing mining opportunities following approval of Simtronics detectors for US mining

# Geographical distribution second quarter 2010



Sales Q2 2010



Sales development Q2 2009-2010

## **Autronica/ UTC offer**

- **Simtroncs announced discussions aimed at finding solutions to the company's financial situation on 2 July**
- **Autronica announced intention to make voluntary offer on 12 July**
  - *“Non-binding intention – subject to certain conditions”*
- **Offer price NOK 2.05 per share**
- **Recommended by Simtronics Board of Directors as best solution for company and shareholders under current circumstances**
- **Due diligence currently ongoing**
- **NOK 18 million bridge financing provided by Autronica secures operations**
- **Due diligence expected to be completed within next few weeks**

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## Priorities going forward

- Further improve project management and control in Extinguishing (WME)
- Pursue opportunities to regain top line growth
- Complete cost reduction programme

# Outlook

- **Markets remain challenging; first signs of recovery identified**
  - *Market for detection business remains positive*
  - *European extinguishing market still soft, but recovering*
  - *Signs of Asian shipbuilding picking up again*
- **Increasing order flow during 2010 suggests positive sales development**
- **New markets and segments will provide additional opportunities**
- **Cost reduction programme will provide effects in second half**

# Financial calendar 2010

- Q3: 29 October 2010
- Q4: 25 February 2011

**Thank you**

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